



# Government Base Strategic Planning

**U. S. Army Industrial Operations Command**

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12 JAN 00



***IOC - Transforming INDUSTRIAL POWER into  
MILITARY READINESS***

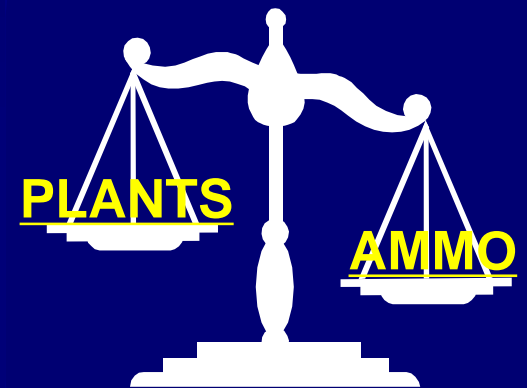
# ORGANIC BASE STRATEGY

**INTENT:** Reduce Army Cost of Ownership with Innovative Acquisition Strategies for Production and Site Management

- Contract for Replenishment Capacity
- Seek multiple year production contracts
- Encourage private capital Investment with 10-25 year site agreements.
- Industrial Reuse of GOCO Army Ammunition Plants
- Cost of Facility Maintenance reduced or free

# REDUCING OWNERSHIP VS. COST OF OWNERSHIP

- DISPOSAL DECISION = BUSINESS DECISION
- LESSONS LEARNED; INDIANA AAP:
  - LOSS OF ARMS REVENUES TO OFFSET OWNERSHIP COSTS
  - IMMEDIATE BILL TO THE ARMY
  - 2 YEARS OUT OF BUDGET CYCLE
- THOROUGH BUSINESS PLAN BEFORE ANY EXCESSING DECISION IS MADE



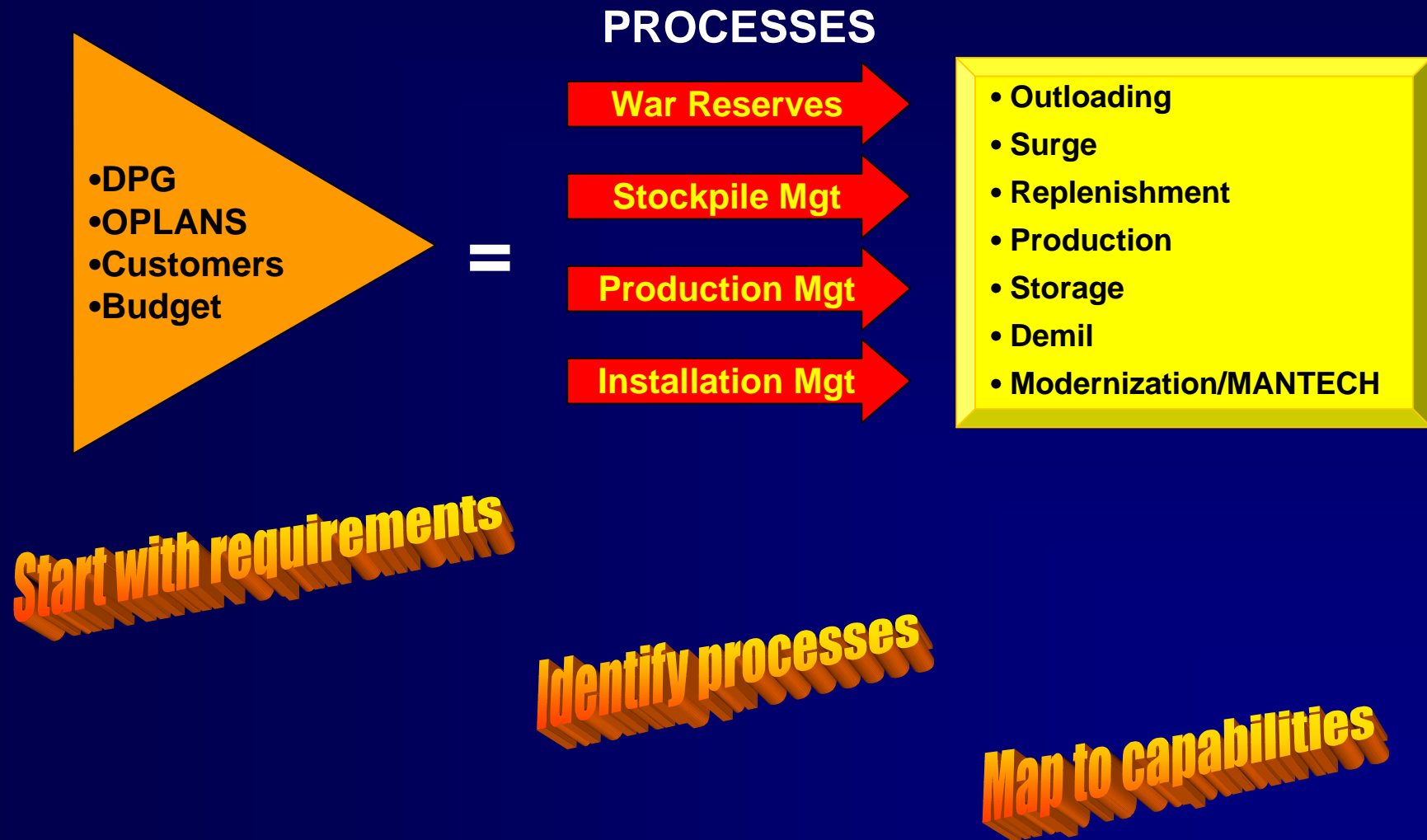
# ACQUISITION STRATEGIES TO SHAPE THE ORGANIC BASE: "Big Wins for Army & DOD"

<u>Contract Effort</u>	<u>Strategy</u>	<u>Unique Aspect</u>	<u>Benefit</u>
XMAT (Holston)	Reduce Cost to Own & of Prod	Delta Contracting	\$183 M
American Ord. (Iowa/Milan)	JV to Reduce \$ to Own & of Prod	Catalog Prices Guaranteed	\$115 M = 20% LAP \$ cut
Demil ID/IQ	Max R3 Across 9 Ammo Fam.	SB Provision Assures Comp.	Reduced cost. Protect SB. \$100 M .
PM, 2.75 Inch Rockets	Del. Flexibility for Customer	Dspec (TDP) or Pspec	Proven Ktr, Red. Cycle Time,, \$17.6 M saved for 5 yrs.

# ACQUISITION STRATEGIES:

<u>Contract Effort</u>	<u>Strategy</u>	<u>Unique Aspect</u>	<u>Benefit</u>
Small Cal . (Lake City)	Reduce Cost To Own & Prod	10-yr IDIQ; 25-yr Facility Use	Reduced Cycle Time; Approx \$676M – 10 yrs
Tank Ammo	Reduce Cost Bal Base w/Comp	Multiyear contract, 99-03 “No Sue” Lang Can Recycling	\$52 M savings over 5 yrs
Depot/Demil 2K (Hawthorne AD)	Reduce Cost; Prov Incentive	10-yr FFP IDIQ w/Cdr incentive award fee	Lower overall cost; increased Kr performance \$67M –10 yrs
Medium Caliber	Reduce Cost	Multiyear contract, 99-03	\$14.4 M savings over 5 years
M107 Metal Parts	Reduce Cost	Multiyear contract, 99-03	\$13 M savings over 5 years

# Developing the Ammo Strategic Plan



# The Results

MULTI MSN BASE

EXPL/PROP BASE

SMALL/MED CAL BASE

PRIMARY LAP FACILITY

AMMO DEPOT OPS ONLY

ARSENALS

INACTIVE BASE

EXCESS BASE

2000

2010

2025

22

17

13

**REMAINING FACILITIES**

Long Term Strategy to program out the cost and leverage out strategies to reduce cost of ownership.